

New law includes 20 New Dem ideas for reform

Washington, D.C. - Today, leaders of the **New Democrat Coalition** led by Chair **Congressman Joseph Crowley**

(NY-07) and the New Dem Financial Services Task Force Co-Chairs

Congresswoman Melissa Bean

(IL-08) and

Congressman Jim Himes

(CT-04) released the following statement upon the President signing the

Wall Street Reform and Consumer Protection Act

(H.R. 4173) into law:□□

"Millions of Americans lost their jobs, homes, and hard-earned savings following the market crisis of 2008, and it was clear that strong action was needed to ensure risky financial deals never again threaten our entire economy and the financial security of American families, workers and small businesses.

"Enactment of the Wall Street Reform and Consumer Protection Act is historic. It will apply strong new rules and regulations to our financial system that will ensure American taxpayers, families and businesses never again have to bailout Wall Street. It also establishes tough new oversight and transparency requirements for the financial industry and strong new protections for American taxpayers, homeowners, and consumers.

"The New Democrats led the charge calling for greater regulation where none existed before, and we are proud to have played a prominent role in shaping this bill to protect American consumers and ensure American businesses and workers can continue to grow, innovate, and compete in the global marketplace. We applaud President Obama, Chairmen Frank, Peterson and Dodd, House Leadership and our New Dem colleagues for their leadership and dedication to enacting strong, efficient reforms of our financial system."

The New Democrats' Plan for Creating a 21st Century Financial Regulatory Structure

Released February 2009

Efficient and Effective Regulation

- Create a systemic risk regulator that can monitor systemically important institutions and their counterparties to mitigate the risk of systemic collapse. (H.R. 4173, Title I)
- Reduce redundant regulatory structures in exchange for robust regulatory oversight. (H.R. 4173, Titles III & X)
- Ensure oversight over new financial instruments that currently do not have regulatory oversight. (H.R. 4173, Title VII)
- Require regulators to use prudential supervision to proactively work with those they regulate to prevent violations and keep communication lines open to better monitor efficacy and unintended consequences. (H.R. 4173, Title VII)
- Increase coordination and communication between federal regulators through expansion of the President's Working Group on the Financial Markets to include all federal financial regulators. (H.R. 4173, Title I)
- Modernize the regulation and oversight of the insurance industry to ensure adequate information and a consolidated U.S. position in international trade discussions. (H.R. 4173, Title V)

Market Stability and Transparency

- Reform how regulators evaluate capital requirements when using fair value accounting values (mark to market) on hold to maturity assets in a temporarily impaired market. (H.R. 4173, Title I)
- Prohibit excessive leverage on debt and derivative instruments by requiring necessary capital reserves to prevent against the potential risk of default. (H.R. 4173, Title I)
- Create a countercyclical mechanism to temper extreme market fluctuations. (H.R. 4173, Title VI)
- Support measures to prohibit manipulation that can lead to extreme fluctuations in securities prices that could destabilize fair and orderly markets. (H.R. 4173, Title VII)
- Support open exchanges and price disclosure to increase transparency in opaque markets like the credit default swaps market. (H.R. 4173, Title VII)
- Require lenders to hold a small percentage of loans in a first loss position to ensure originators retain some stake in the loans they underwrite. (H.R. 4173, Title IX)
- Conduct a thorough review of rating agencies' methodologies, models and compensation structures to ensure that ratings are accurate and not subject to conflict. (H.R. 4173, Title IX)
- Hold Treasury accountable to regularly collect data from all federal sources that receive financial data from recipients of TARP funds. (Included in H.R. 1242 which passed in the House separate from H.R. 4173, and has not been signed into law)

Robust Consumer and Investor Protection

- Aggressively pursue a multi-tiered strategy that prevents unnecessary foreclosures for credit worthy borrowers while protecting taxpayers and preserving the moral hazard principle. (H.R. 4173, Title XIV)
- Work towards reintroduction of mortgage reform legislation and pass into law. (H.R. 4173, Title XIV)
- Ensure that credit is available and appropriate for consumers through strengthened oversight and regulation of predatory loans while protecting businesses' ability to price for risk. (H.R. 4173, Title X & XIV)
- Hold federal financial regulators accountable for enforcement of consumer and investor protections. (H.R. 4173, Title X & IX)
- Protect and continue to encourage simpler disclosure of status and terms and conditions of Americans' retirement and investment accounts. (H.R. 4173, Title X & IX)
- Reduce incentives for excessive risk taking and improve corporate governance by empowering shareholders. (H.R. 4173, Title IX)
- Increase fraud prevention efforts. (H.R. 4173, Title IX)

Statement supported by New Democrat Coalition Financial Services Task Force Co-Chairs Representative Melissa Bean (IL-08) and Representative Jim Himes (CT-4) and the New Dem Leadership, led by Chair Representative Joseph Crowley (NY-07), and Vice-Chairs Representative Melissa Bean (IL-08), Representative Ron Kind (WI-03), Representative Allyson Schwartz (PA-13), and Representative Adam Smith (WA-09).□□

The New Democrat Coalition is a Coalition of 69 members of the U.S. House of Representatives who are dedicated to the prosperity and security of American families and business. Founded in 1997, the NDC provides Members of Congress with the opportunity to advance a common sense policy agenda focused on empowering the U.S. to grow economically and maintain a vibrant job market, preserving the U.S. standing as the world's leader in innovation and technological advancement, and strengthening our economic and national security. For more information, visit the New Dems website at <http://ndc.crowley.house.gov>.

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